Members of the Legislative Assembly Pension Plan

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1989

Alberta
TREASURY

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91-00025/

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

February 1990

The Honourable Dr. David Carter
Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1989.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Alberta
TREASURY

442 Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-4106

February 1990

The Honourable Dick Johnston
Provinciai Treasurer

Sir:

In accordance with section 4 of the Members of the Legislative Assembly Pension Plan Act, I have the honour to transmit herewith the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1989, to be laid by you before the Legislative Assembly.

The annual report includes a statement of the most recent estimate of the actuarial liabilities of the Plan as required by section 4(2) of the Act.

Respectfully submitted,

A. D. O'Brien
Deputy Provincial Treasurer
Management and Control

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Introduction

The Members of the Legislative Assembly Pension Plan was established effective May 7, 1969, by the M.L.A. Pension Act to provide a contributory pension scheme for Members of the Legislative Assembly (MLAs).

The M.L.A. Pension Act was repealed on November 1, 1985 and replaced by the Members of the Legislative Assembly Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while provision was made for a Board to be assigned an advisory and appellate role.

Plan Overview

Participation in the Members of the Legislative Assembly Pension Plan is voluntary and MLAs may elect to participate at any time while holding office. It is a contributory defined benefit plan under which the MLA contributes at a rate of 7.5 per cent of the allowance paid with respect to each office held. The Government makes a matching contribution. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Members of the Legislative Assembly Pension Plan.

Those members who retire with at least five years of pensionable service in the office of MLA are entitled to a pension. Those members who retire from an office other than MLA with at least one year in that office and at least five years as an MLA are entitled to a pension in respect of that other office. Pension benefits are based on four per cent of the highest average pensionable allowances for three consecutive years, times the number of years of pensionable service in an office. If the member has an eligible spouse, unless a waiver is signed by that spouse, the pension paid must be in the normal form of pension. The normal form of a pension is payable for the life of the member with a 75 per cent spousal survivor benefit. Single members may elect a life pension, choosing a 5, 10, 15 or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Members may retire at any time if five years of pensionable service have been accumulated. If retirement takes place after age 55, or if age plus pensionable service equals 55 years or greater, no actuarial reduction is applied to the benefit. The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Members of the Legislative Assembly Pension Plan is administered by Alberta Treasury, Payroll and Pensions.

During the year under review, a number of systems and procedural enhancements were implemented. A review of the participant annual statement production and distribution resulted in additional and improved summary reporting. The format and content of summarized annual statement data was revised to provide the Legislative Assembly Office with information concerning members approaching 18.5 years of service. These improvements will assist the Legislative Assembly Office in carrying out its responsibilities.

During the year a review of the documentation associated with the processing of retirements, terminations, and annual reporting information was undertaken. Changes to the structure and content of forms led to a reduction in the amount and frequency of data required to be submitted by the Legislative Assembly Office to the Pension Administration.

Procedures were changed so that all personal payments made by members are submitted via the Legislative Assembly office. This has improved the quality of the pension data base by ensuring that the Legislative Assembly office is aware of all transactions in respect of their members.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Members of the Legislative Assembly Pension Plan to be $43,525,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 58.1 per cent.

Participation

At March 31, 1989, under Part 1 of the Act, there were 73 active contributors and 12 terminated members who had either not made a choice regarding their plan status or were awaiting a deferred pension. Under Part 2 of the Act, there were 26 active contributors and under Part 3 of the Act, there were 5 active contributors.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1989:

	Participants At March 31, 1989	Contributions Received		
		Member	Government	Total
		$	$	$
Part 1 of the Act				
Members of the Legislative Assembly	85	304,128	286,848	590,976
Part 2 of the Act				
Members of the Executive Council	26	80,340	80,340	160,680
Part 3 of the Act				
Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties	5	9,922	9,922	19,844
	116	394,390	377,110	771,500

Note: Contributors under Part 2 and 3 of the Act are also contributors under Part 1 of the Act.

Refunds

No refunds were issued during the year to members terminating office.

Death in Service Benefits

During the year, one member died while in office and the surviving spouse was granted a spousal pension.

Information and Counselling Services

For those members considering retirement, counselling sessions were provided.

A regular information bulletin, Pension News, was forwarded to the Legislative Assembly Office. The Alberta Retired Public Employees Society was again assisted by Payroll and Pensions with the publication of their quarterly newspaper, Postscript.

Annual statements containing information on pensionable service, contributions and prior service purchased were produced and distributed through the Legislative Assembly Office to all active members.

Pension Benefits

During the year ended March 31, 1989, pension benefits paid totalled $1,981,300, an increase of $27,968 (1.4 per cent) over the previous year. One pension was granted as shown in the table below. Previous year figures are included for comparison.

	1989		1988	
Early Retirement	-		4	
Death-in-Service (Spousal)	1	(1)	1	(1)
	1	(1)	5	(1)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Pension options selected by members were as follows:

Member Pensions	At March 31, 1988	New Retirements	Beneficiaries	Deaths	At March 31, 1989
Normal (life with 75 pr cent survivor pension)	116				116
Single Life	1				1
Guaranteed 10 years	5				5
Guaranteed 15 years	6				6
Guaranteed 20 years	24				24
Joint Life non-reduced	9				9
Joint Life reduced one third	3				3
Joint Life reduced one half	2				2
Spousal Pensions					
Single Life		1			1
Guaranteed 5 years	2				2
Guaranteed 10 years	1				1
Guaranteed 15 years	1				1
Guaranteed 20 years	1				1
Total Pensions	171	1			172
Pensions co-ordinated with CPP and/or OAS	53	1			54

The schedule below categorizes the pensions in effect at March 31, 1989, by dollar value of monthly pension:

Dollar Value Per Month	Member Pensions	Spousal Pensions	Total
$ 1 - 499	37	2	39
500 - 999	54	1	55
1,000 - 1,499	43	2	45
1,500 - 1,999	22	1	23
2,000 and over	10	-	10
	166	6	172

Effective January 1, 1989, a cost of living adjustment of 2.0 per cent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the calendar year 1988.

STATEMENT OF RECEIPTS AND PAYMENTS
YEAR ENDED MARCH 31, 1989

	1989	1988
	$	$
RECEIPTS		
Member contributions	394,390	342,942
Government contributions	377,110	321,748
Total receipts	771,500	664,690
PAYMENTS		
BENEFITS		
Pensions to retired members	1,926,034	1,910,854
Pensions to surviving spouses	55,266	42,478
	1,981,300	1,953,332
Total payments	1,981,300	1,953,332
Excess of payments over receipts	1,209,800	1,288,642

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years.

(000's)

Fiscal Year	RECEIPTS			PAYMENTS			Excess of Payments Over Receipts
	Member	Government	Total	Benefits	With-drawals	Total	
	$	$	$	$	$	$	$
1988/89	394	377	771	1,981	-	1,981	1,210
1987/88	343	322	665	1,954	-	1,954	1,289
1986/87	417	325	742	1,850	39	1,889	1,147
1985/86	324	286	610	1,241	9	1,250	640
1984/85	327	283	610	1,251	-	1,251	641